

**CITY OF KERRVILLE, TEXAS Regular Meeting
ECONOMIC IMPROVEMENT CORPORATION**

June 21, 2010

On Monday, June 21, 2010, the meeting of the directors of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Bill Crumrine, President, in the City Hall Council Chambers, 800 Junction Highway, Kerrville, Texas.

Members Present:

Bill Crumrine, President
Jack Pratt, Vice President
Alan Massey, Secretary /Treasurer
Gregg Appel
Rex Boyland
Warren Ferguson
Robert Miller

Staff Present

Mike Erwin, Director of Finance
Mindy Wendele, Director of Business Programs
Mike Wellborn, Director of Engineering
Teri Kinsey, Administrative Assistant to City Secretary

2. INVOCATION:

Given by President Bill Crumrine.

3. VISITORS FORUM:

Nobody spoke during the visitor's forum.

4. PRESENTATION:

4A. Welcome of new members Rex Boyland and Robert Miller

5. ANNUAL CORPORATION MEETING AND ELECTION OF OFFICERS:

5A. Election of President, Vice President and Secretary/Treasurer in accordance with EIC bylaws

Mr. Ferguson made a motion to nominate Bill Crumrine as President, Jack Pratt as Vice President and Alan Massey as Secretary/Treasurer; Mr. Miller seconded; motion passed 7-0.

6. APPROVE MINUTES:

6A. May 17, 2010

Mr. Massy moved to approve the minutes of the May 17, 2010 meeting; Mr. Ferguson seconded; motion passed 7-0.

7. MONTHLY REPORTS:

7A. Monthly financials for May 2010

Mike Erwin presented the May 2010 financials. Mr. Pratt moved to accept the financials as presented; Mr. Ferguson seconded; motion passed 7-0.

7B. EIC construction project status

Mike Wellborn presented the May 2010 construction project status report. No motion was made; the construction report was accepted by consensus.

8. INFORMATION AND DISCUSSION:

8A. Review and discussion of FY11 Budget

Mr. Erwin presented the Board with a spreadsheet of the FY11 proposed budget and advised them the projected revenue estimate was \$2,250,000, approximately \$250,000 lower than the past years. Mr. Erwin also advised the Board that non specific numbers were used in order to start the discussion; it was stated that \$714,000 would remain for the Boards direction:

Administrative:

- \$505,000 Transfer to debt service
- \$75,000 Administrative fee
- \$225,000 Kerr Economic Development Corporation

Business Development/Category I

- \$131,000 KEDF/USDA Project
- \$50,000 Commercial Improvement Program
- \$600,000 Unspecified

Quality of Life/Category II

- \$82,000 Unspecified

Public Infrastructure/Category III

- \$82,000 Unspecified Projects

Contingency

- \$500,000

The Board questioned; 1.) the percentage the ED governing body could receive of the overall collected money; the new ED governing body, by law, can only receive 10% of collected monies to be used for marketing purposes. 2.) if the proposed allocations were set in stone or could the Board come back and amend those allocations; and if EIC was a "board" or a separate "non profit organization", why it would need council's approval to allocate funds; Mr. Erwin explained to the Board that state law mandates city council's approval of all funding through EIC, but the EIC Board may move money to different items within a specific category, this additionally answers the question of EIC being a board or non profit organization and why council's approval is needed. 3.) how did the city come up with the figure of \$2,250,000? Mr. Erwin advised the Board that this amount is half of what was budgeted into the general fund. There was no action taken in regards to approving the allocations, only presented to the Board for city staff to receive direction. Ms. Wendele stated that the FY11 budget would be presented to the city council on July 27, 2010. It was discussed, briefly, how different projects got categorized, for example, River Trails project as "Quality of Life". It was decided by the Board to leave the surplus balance out of the proposed allocations and just have it as a footnote.

8B. Definition of a Grant and a Loan

Ms. Wendele advised the Board that the questions asked by Mr. Miller, in regards to loans and grants were answered by City Attorney, Mike Hayes during a prior phone

conversation. A question raised during the meeting was whether a non profit organization could make a loan as opposed to a grant and what the guideline where in order to do so? A non profit organization is allowed to make loans and the guidelines are detailed in the newly adopted 4B Sales Tax Funding Request Guidelines and Procedures. There are reimbursement criteria written into most funding agreements stating that if it is paid for, if records are kept and city staff inspects the site, then a reimbursement check can be issued.

8C. Update on Convention Center Review Panel

Mr. Ferguson advised the Board that the Convention Center review panel met 2 week ago with the developers who submitted proposals and gave them a list of 7 non negotiables, one of which noting that the City of Kerrville has limited resources. It was the recommendation of the review panel to enter into negotiations with Hunter Equity within 30 days. Mr. Ferguson informed the Board he felt this was a good time to begin this project due to the cost of construction being low and that by the time the economy is projected to be stable again, the multi purpose meeting facility would be complete, approximately the 4th quarter of 2012. This project falls within the scope of the economic development policy that was adopted by the City of Kerrville, Kerr County and the City of Ingram and all three feel this is a worthwhile venture. At this time, there has been nothing decided about the expectations of EIC in regards to funding, but when the time does arise, it is the suggestion of the Board that this matter be placed on the agenda to be discussed in executive session.

Mr. Ferguson left the meeting at 5:32 pm.

8D. Update on Economic Development Governing Body

Mr. Pratt informed the Board that the former ED governing body is now the Kerr Economic Development Corporation and the Articles of Incorporation were submitted to the state on June 21, 2010, and within 48 hours will be finalized. Bylaws have been approved and are now in place and next month a public announcement is scheduled that will present the entire concept and list the boards that are being represented by this new governing body. Mr. Pratt will have available more details at the next meeting, after the public announcement has been made. The board questioned the motivation behind establishing a new economic governing body; the first being *image*, trying to create new branding. Second being *liability*, upon starting a new organization, there would no liabilities or risks that would carry over from the old KEDF. It was brought up by Mr. Pratt that in the near future, the EIC Board might be asked to consider a loan for the KEDC to assist the bankers in the renegotiations as a substitute for KEDF, and that way EIC would own part of that note.

9. EXECUTIVE SESSION:

The EIC Board reserves the right to discuss any of the above items in executive closed session if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.075, 551.076 (deliberation regarding security devices) or 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

10. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

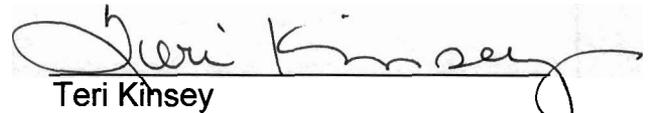
11. **ADJOURNMENT:**

Mr. Pratt moved to adjourn the meeting; Mr. Boyland seconded; motion passed 6-0.
The meeting adjourned at 5:38 PM.

APPROVED: July 19, 2010



Bill Crumrine
President



Teri Kinsey
Admin. Assist. to the City Secretary